

The LEWIN GROUP

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Modeling Health Reform in Iowa

Presented to:

House and Senate Subcommittees on
SSB 3140, HSB 636

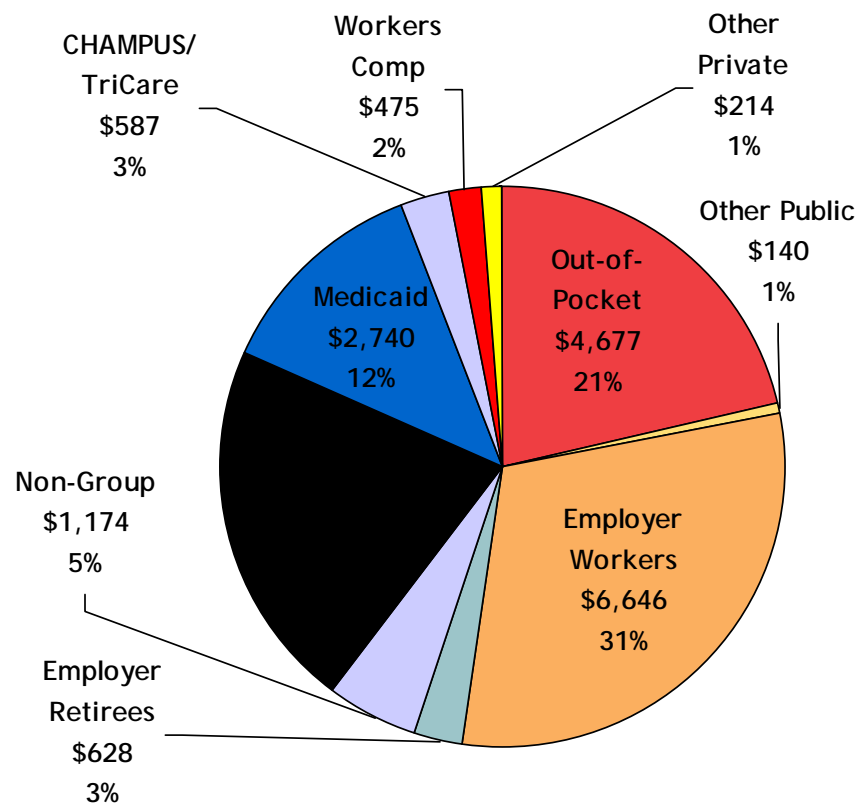
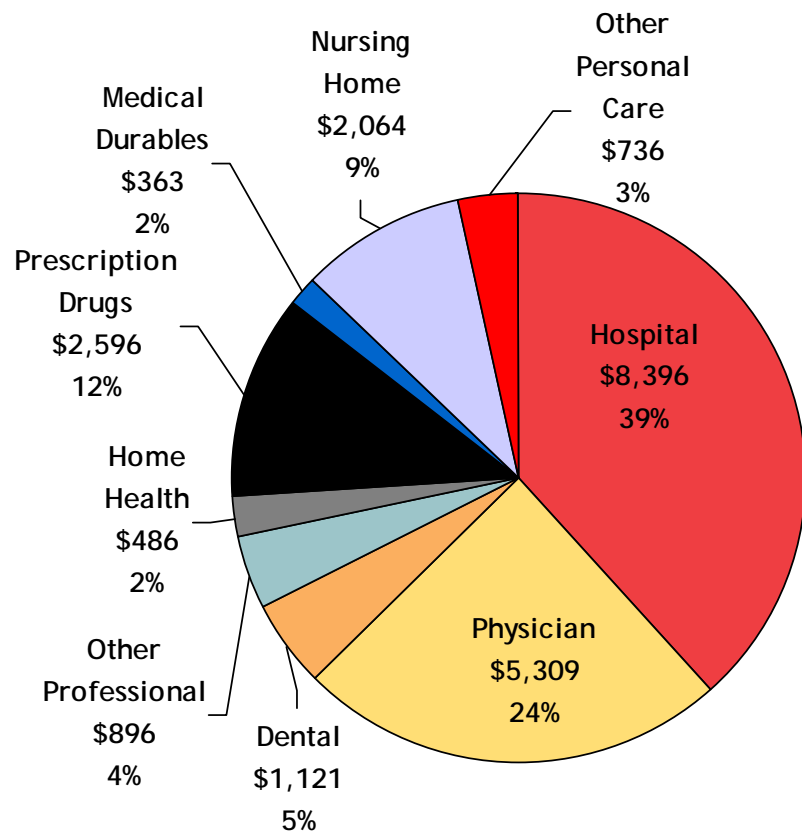
By:

John Sheils

February 19, 2008



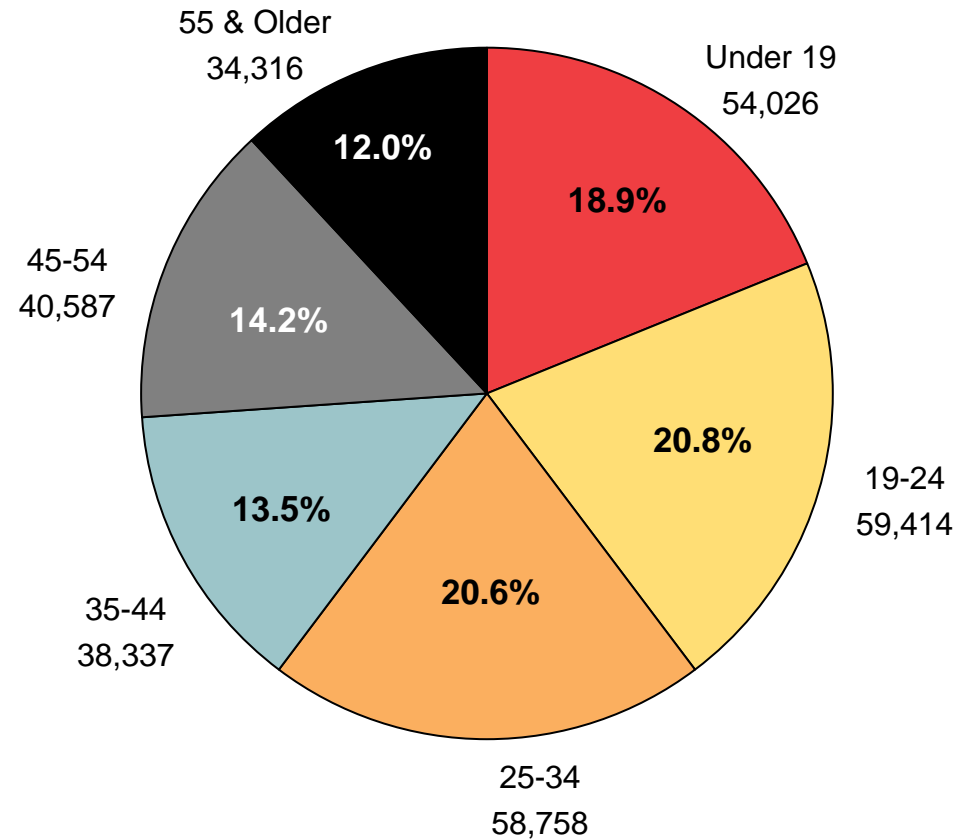
Statewide Health Spending in Iowa 2004



Total Spending = \$21,967 million

a/ DHS Medicaid Estimate for FY 2009 (\$2.68 billion) converted to CY 2009.

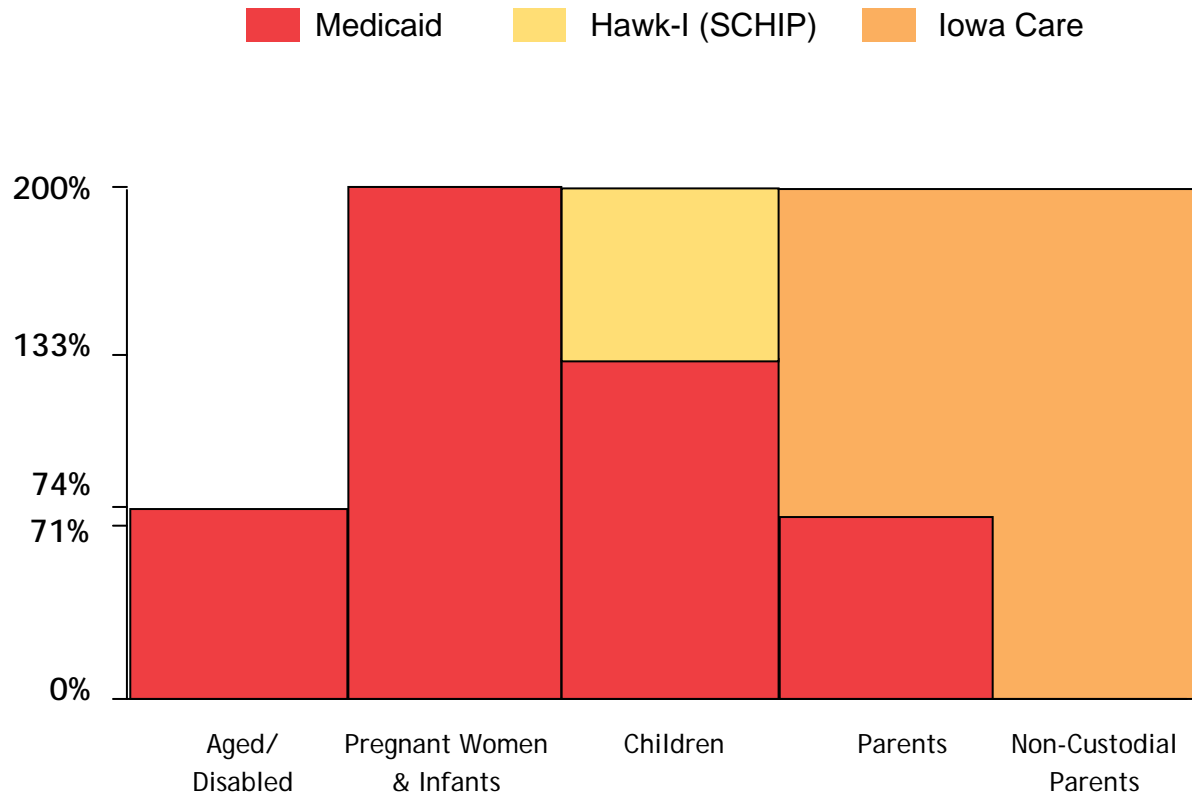
Uninsured People in Iowa by Age of Individual



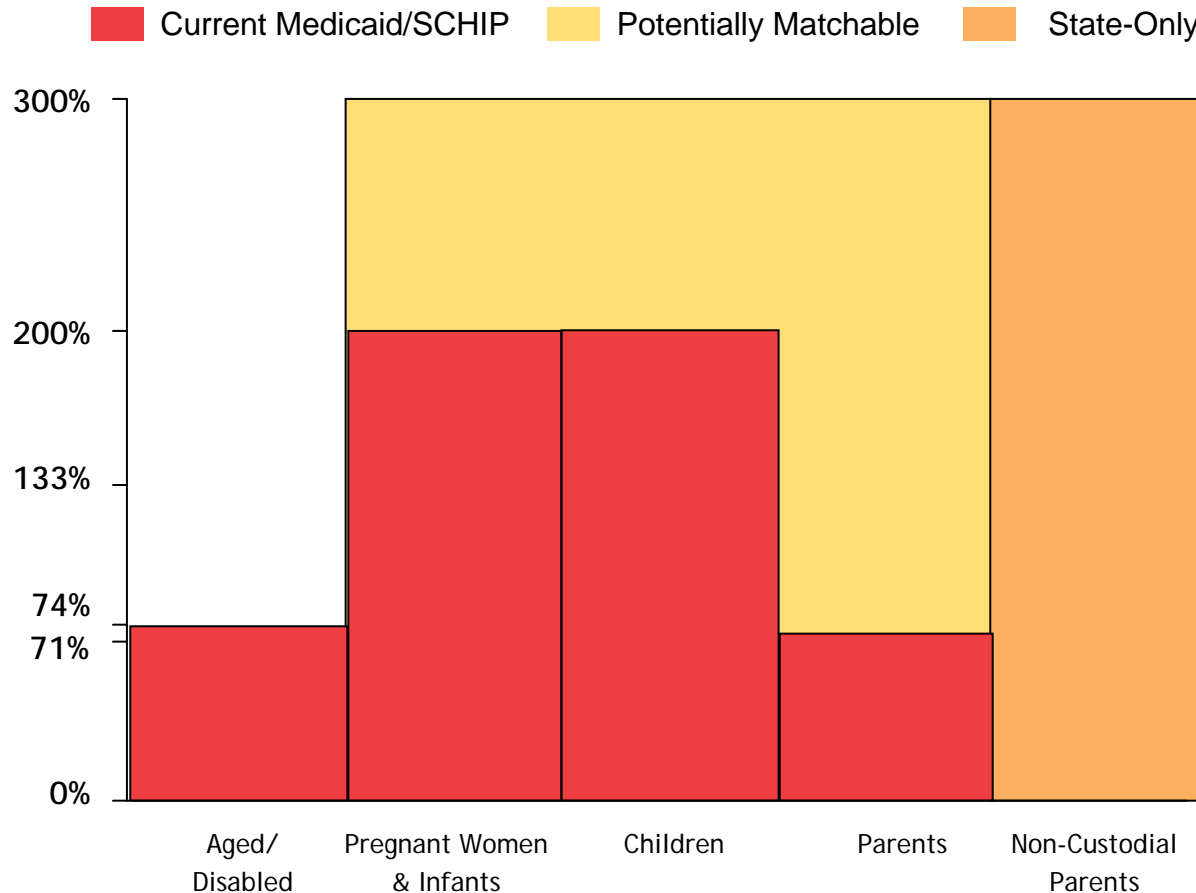
Total Uninsured = 285,433

Source: March current population survey for 2005 through 2007.

Coverage Under Current Iowa Health Coverage Programs



Coverage Under Proposed Expansion



a/ Assumes Iowa Care is absorbed into the expansion.

Phase-In of Program

- Enroll Currently Medicaid/SCHIP Eligible Children
- Children's Mandate
 - All parents must cover children
 - Premium subsidies through 300% FPL
 - Auto enrollment at school, tax filing or food stamp enrollment
- Coverage Mandate for Adults
 - Enroll currently Medicaid eligible adults
 - Premium subsidies through 300% FPL
- Private Coverage for Eligibility Expansion Groups

Alternative Benefits Packages

	Healthy and Well Kids in Iowa (Hawk-I) Plan ^{a/}	Typical Plan: BCBS "Standard Option"	Colorado Commission Proposal
Physician Services	No copay	\$15 copay	\$10-\$20 copay
Inpatient Hospital	No copay	\$250 deductible	\$100 copay
Outpatient Hospital	No copay	10% copay \$250 deductible	\$25-\$50 copay
Emergency	\$25 copay if not an emergency	\$250 deductible	\$50 copay
Mental Health	No copay	\$15 copay	Sliding scale
Prescription Drugs	No copay	\$10 generic \$15 brand	\$5 generic 50% brand
Deductible	None	\$250	None
Out-of-Pocket Maximum	None	\$4,000	\$5,000
Annual Benefit Limit	None	\$1 million	\$50,000 max (reduces premium by 25%)

Source: The Lewin Group

Premiums for a Modified Hawk-I Benefits Package in Iowa:

Hawk-I Benefits Package

Inpatient
Outpatient
Physicians
Emergency
Drugs
Behavioral Health
Vision
Dental

In-Network Copayments

\$10 copay for ambulatory care
\$100 hospital deductible
\$10 generic drugs
\$25 brand name drugs

No Copayments Below the FPL

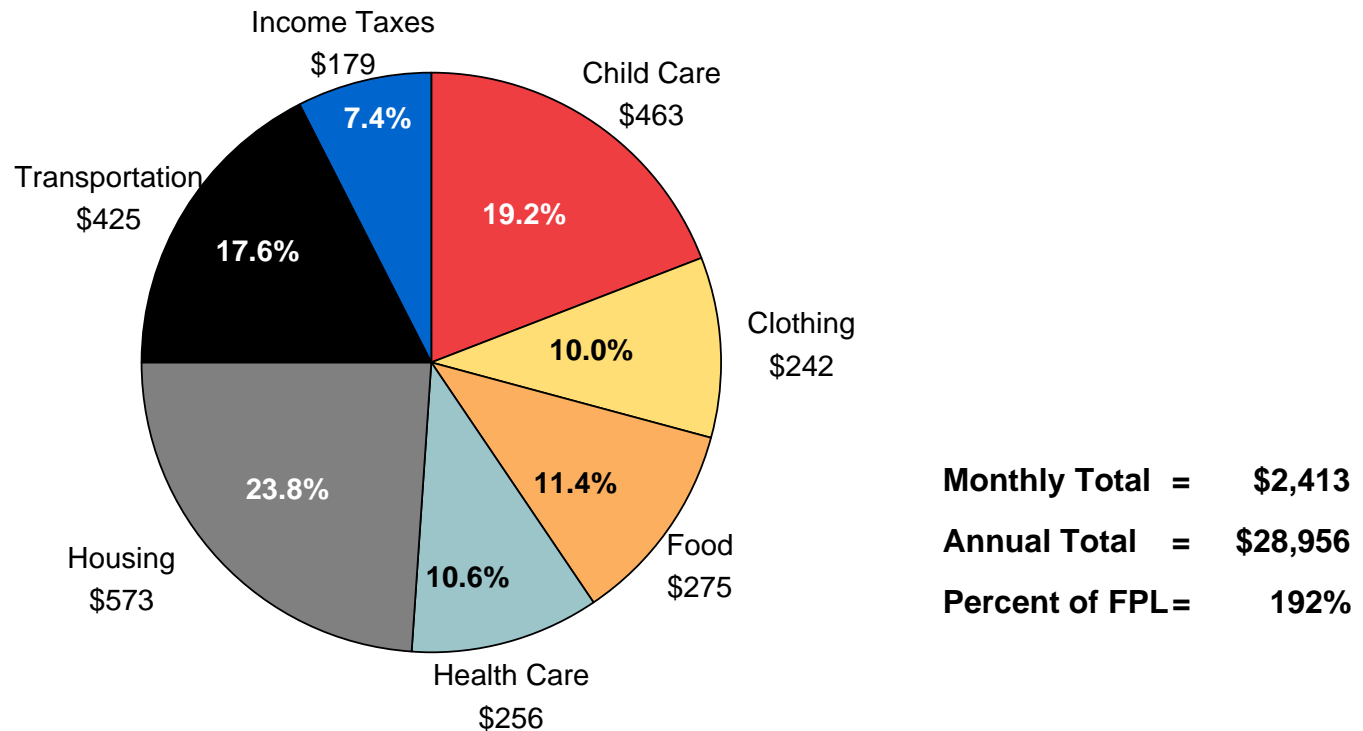
	Average Monthly Premium	
	<u>Single Coverage</u>	<u>Single with Children</u>
Currently Insured	\$372.33	\$883.05
Demographic Adjustment for Uninsured	(\$82.00)	(\$158.75)
Currently Uninsured	\$290.33	\$724.09



Premium by Age - Single

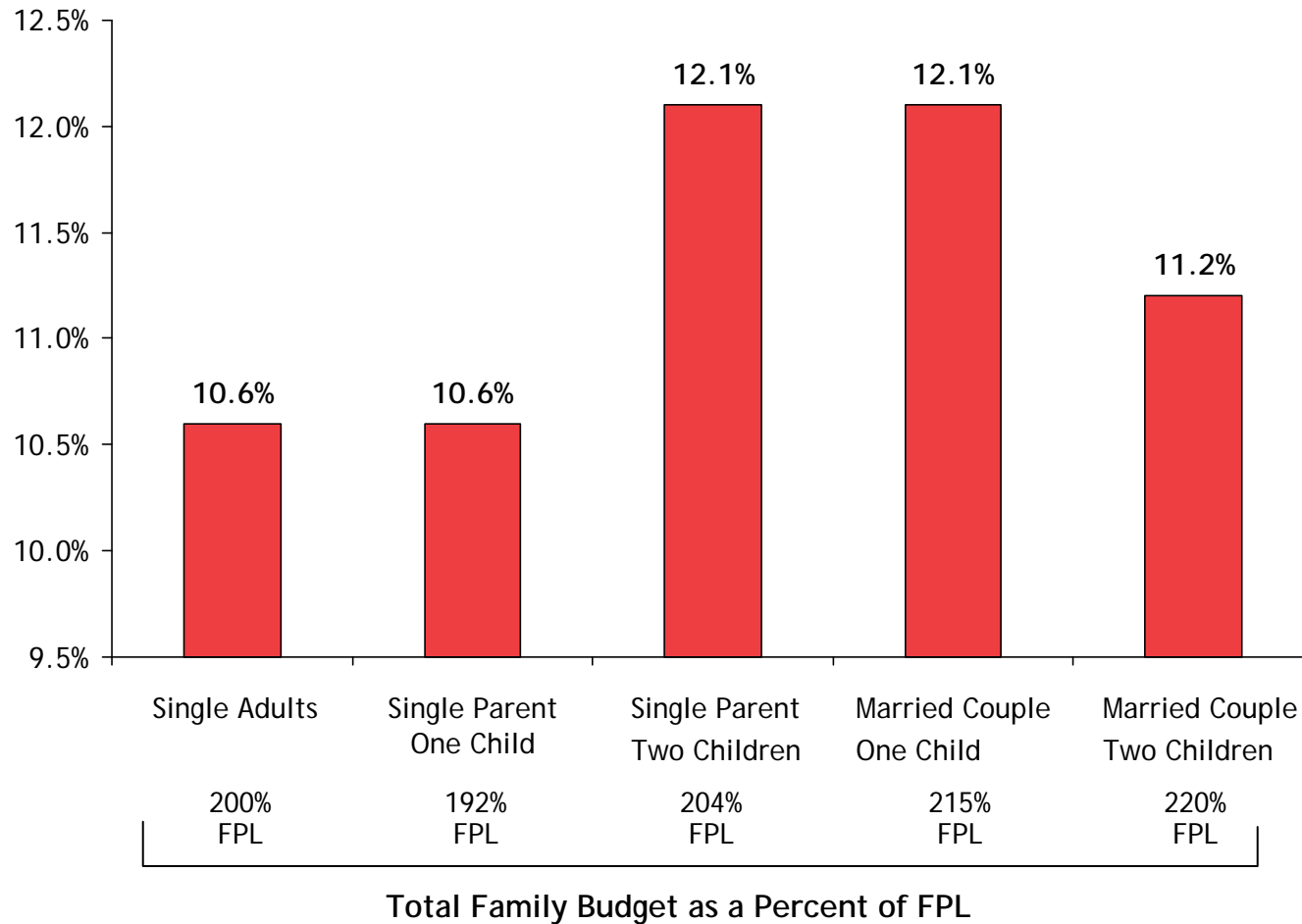
Source: The Lewin Group estimates.

Family Income and Budget Required for a “Modest Living Standard” in Iowa for a Single Parent with a Child



Source: Elaine Ditster and Beth Pearson, “The Cost of Living in Iowa.” the Iowa Policy Project, January 2008.

Percent of Family Budget for Health Under a “Modest Living Standard” in Iowa



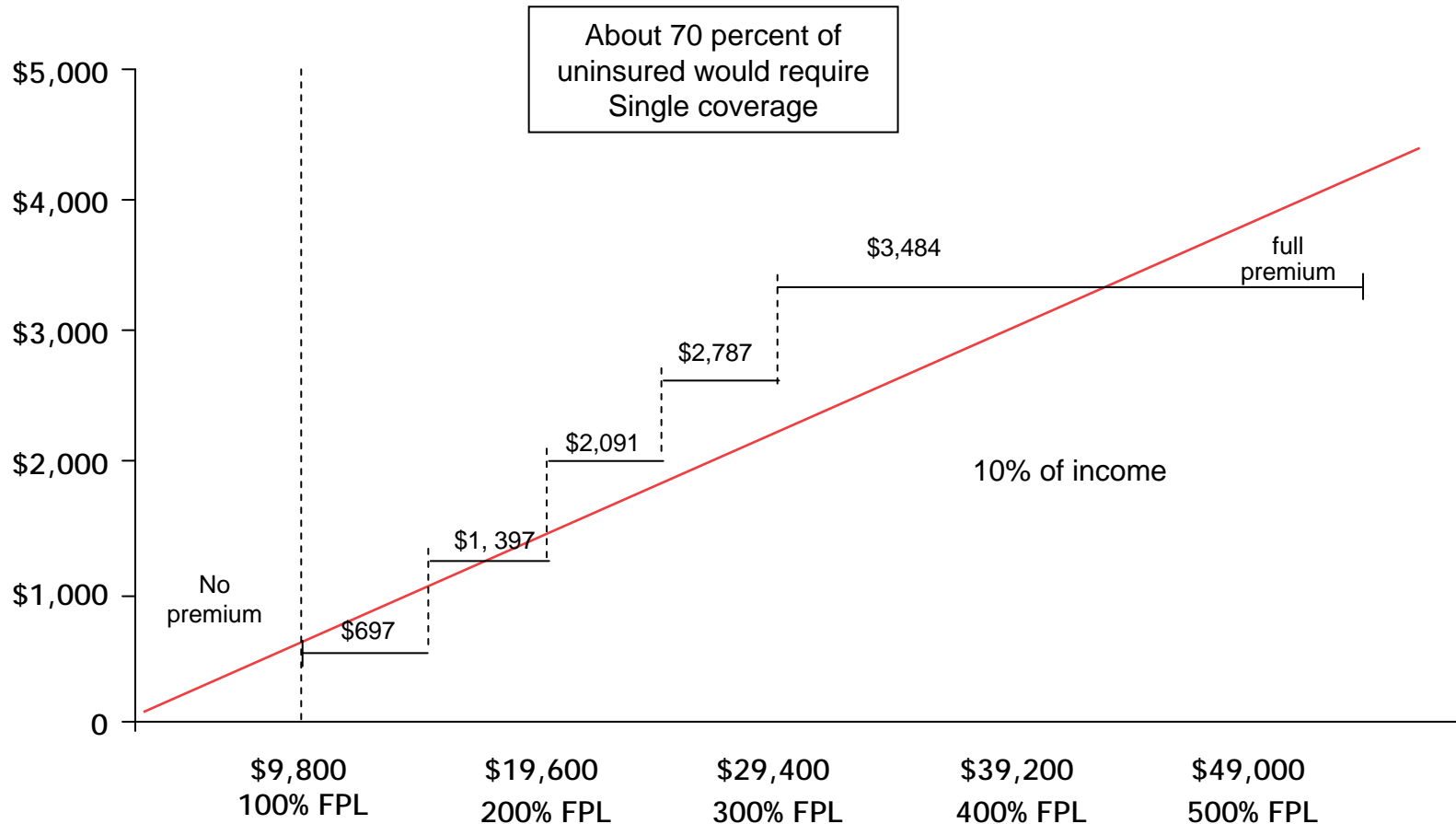
Source: Elaine Ditster and Beth Pearson, “The Cost of Living in Iowa.” the Iowa Policy Project, January 2008.

Actual Premium Payments as a Percent of Income by Income as a Percent of the FPL Nationally in 2003

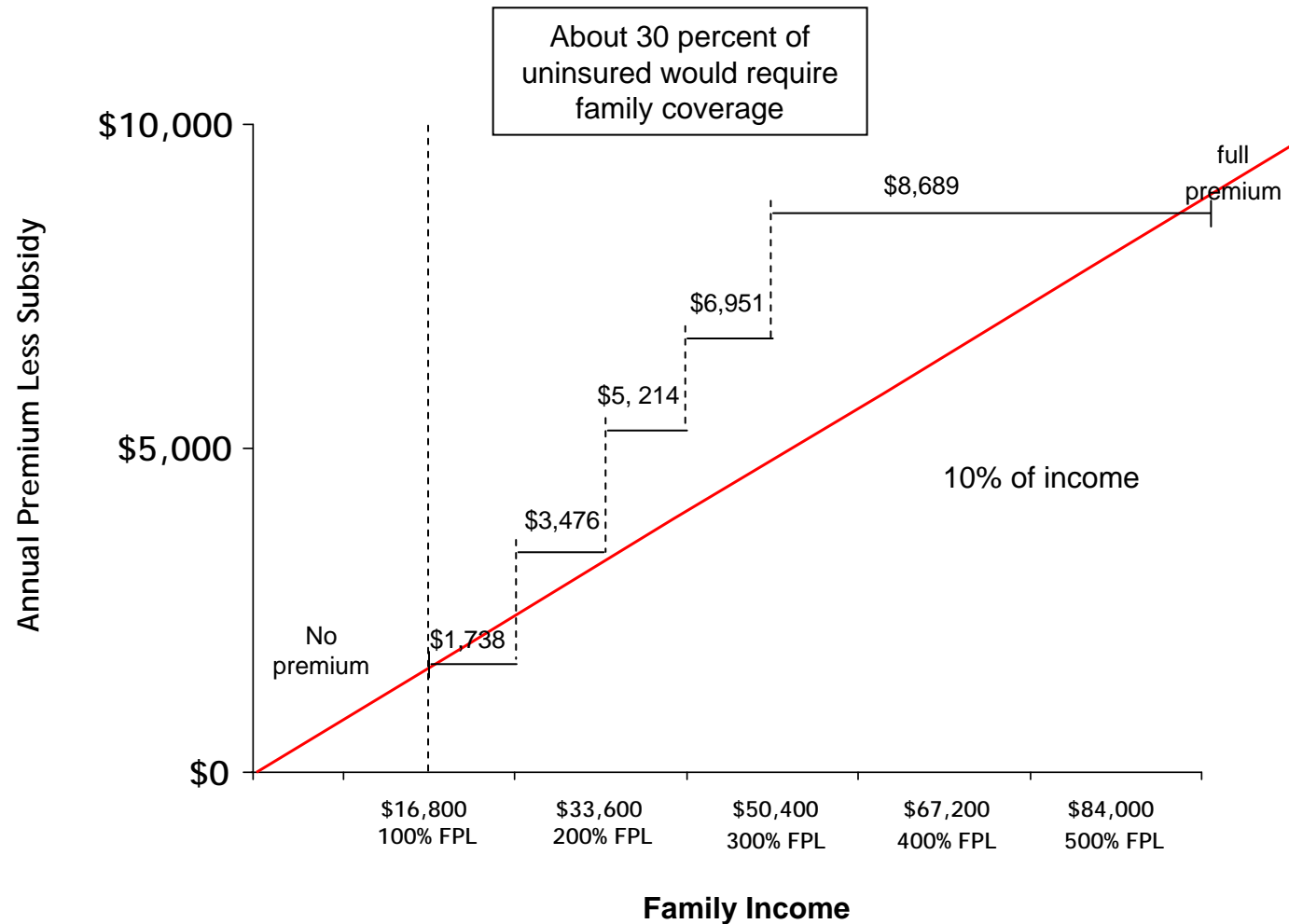
Income as a Percent of the FPL	Single Non-Group	Family Non-Group	Single Employer Coverage	Family Employer Coverage
100% - 199% FPL	21.7%	22.9%	5.5%	10.9%
200% - 299% FPL	12.3%	13.7%	3.2%	6.7%
300% - 499% FPL	8.0%	8.5%	2.1%	4.4%
500% or More	4.2%	4.5%	1.1%	2.3%
All Above FPL	13.3%	11.4%	2.4%	4.3%

Source: Linda Blumberg, et al. "Setting a Standard of Affordability for Health Insurance Coverage," Health Affairs, June 2007.

Annual Premiums Less Subsidies by Income for a Single Individual Under SB 3140



Annual Premiums Less Subsidies by Income for a Family of Three Under SB 3140



Premiums as a Percent of Income for Single Adults Under the Massachusetts Program and SB 3140

Income (as percent of FPL)	Monthly Premium Amounts for Families ^{/a}		Premium as Percent of Income	
	Massachusetts	SB 3140	Massachusetts	SB 3140
Less than \$10,212 (100% FPL)	None	None	0%	0%
\$10,212 - \$15,316 (150% FPL)	None	\$58	0%	5.4%
\$15,316 - \$20,420 (200% FPL)	\$35	\$116	2.3%	7.8%
\$20,420 - \$25,525 (250% FPL)	\$70	\$174	3.7%	9.1%
\$25,525 - \$30,630 (300% FPL)	\$105	\$232	4.5%	9.9%
\$30,630 - \$35,000 (350% FPL)	\$150	\$290	5.5%	10.6%
\$35,000 - \$40,000 (400% FPL)	\$200	\$290	6.4%	9.3%
\$40,000 - \$50,000 (500% FPL)	\$300	\$290	8.0%	7.7%
\$50,000 or more (over 500% FPL)	\$333	\$290	6.4%	5.6%
Exemption from Mandate if:	Costs over 10% of income	No exemption	Cost over 10% of income	No exemption

a/ Reflects actual cost in Massachusetts and Iowa.

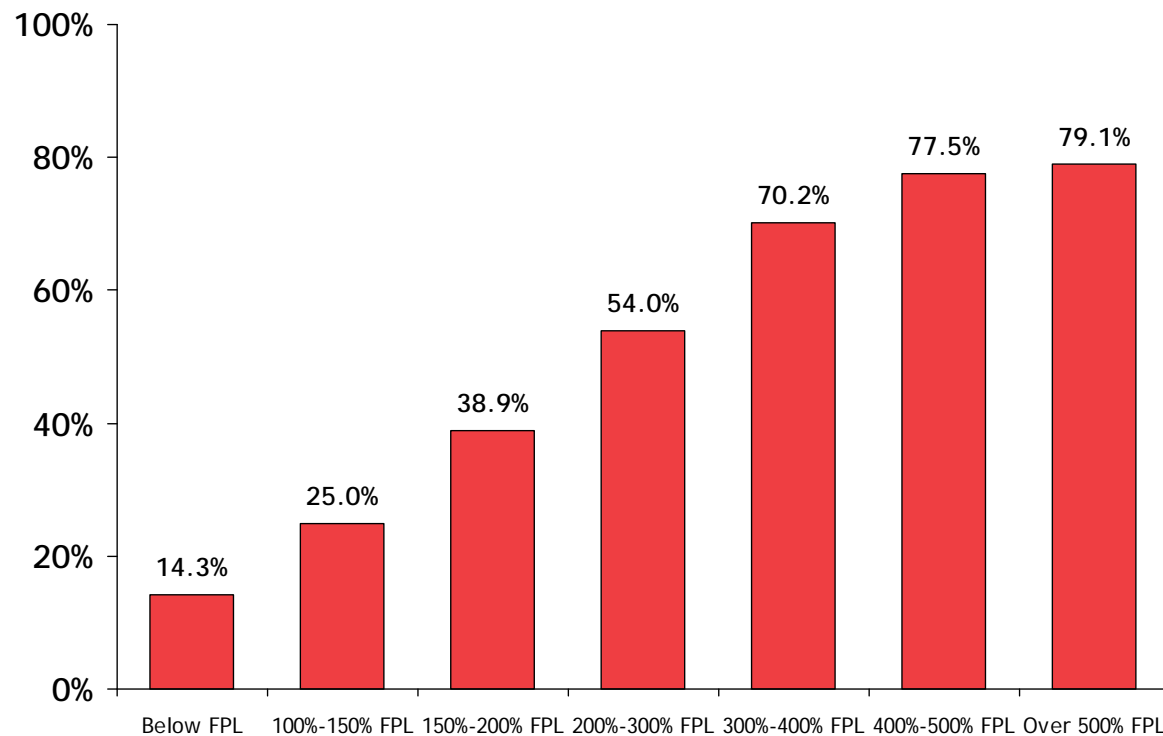
Premiums as a Percent of Income for Family Coverage Under the Massachusetts Program and SB 3140

Income (as percent of FPL)	Monthly Premium Amounts		Premium as Percent of Income	
	Massachusetts	SB 3140	Massachusetts	SB 3140
Less than \$17,170 (100% FPL)	None	None	0%	0%
\$ 17,170 - \$25,756 (150% FPL)	None	\$145	0%	8.1%
\$25,756 - \$34,341 (200% FPL)	\$70	\$240	2.8%	11.6%
\$34,341 - \$42,926 (250% FPL)	\$140	\$434	4.3%	13.5%
\$42,926 - \$51,511 (300% FPL)	\$210	\$579	5.3%	14.6%
\$51,511 - \$70,000 (400% FPL)	\$370	\$724	6.3%	14.3%
\$70,000 - \$90,000 (500% FPL)	\$500	\$724	7.5%	10.9%
\$90,000 - \$110,000 (650% FPL)	\$720	\$724	8.6%	8.6%
\$110,000 or more (over 650% FPL)	\$825	\$724	8.3%	7.3%
Exemption from Mandate if:	Costs over 10% of income	No exemption	Cost over 10% of income	No exemption

a/ Reflects actual cost in Massachusetts.

Minimize Loss of Employer Coverage (i.e., crowd-out)

- Includes waiting period requirement to prevent loss of employer coverage.



Income as a Percent of the FPL

Role of the Exchange

- Increased Choice of Health Plans
- Standardized Benefit Plan Options
- Assure Consumers of High Quality Health Plans and Standardized Comparative Information on Plans
- Provide Enrollment Support
- Promote Competition Among Health Plans within Connector
- Permit Portability of Insurance for Part-time Workers and Job Changers
- Facilitate Purchase of Insurance with Pre-tax Dollars

Assumptions Concerning Insurance Market Regulation

	Individual Market	Small Group Market	Illustrative Specification for Combined Market Under SB 3140
Guaranteed Issue	No, except for select cases with 12 months credible coverage	Yes	No
Medical Underwriting (Health Status)	Yes 2 TO 1 limit in each age group	Yes; 25 percent +/- index rate with Health Status	Yes; 25 percent +/- index rate with Health Status
Age Rating	Yes	Yes	Yes
High Risk Pool	Yes Rate cap of 150% of base rate	No	Yes - individual No - small groups
Pre-existing Condition Exclusion	60 month look back 12 month exclusion	6 month look back 12 month exclusion	6 month look back 12 month exclusion
Same Rules In and Out of Exchange	N/A	N/A	Yes